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	President of the Arbeitsgemeinschaft-Ost.		
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List of Participants of the Bad Aussee Conference

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Dr. Oleg Hoeffding, Santa Monica, California RAND Corporation

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Professor Paul F. Langer, Los Angeles, California University of Southern California

Professor Donald W. Treadgold, University of Washington, Seattle

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Mr. Alec Nove, London School of Economics and
Political Science
Colonel Geoffrey Wheeler,
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India

Mr. Harish C. Kapur, Geneva

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Director, UN Association of Japan, Tokyo
Professor Toru Iwama
Women's Christian College, Tokyo
Professor Kenzo Kiga, Keio University, Tokyo

Netherlands

Dr. L. Metzemaeker University of Leiden

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Professor Dr. Josef Matl
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Studies, Tokyo

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Director J. Rydstrom, Foreign Ministry, Stockholm

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The Program of the Conference

Monday, 22 September

Morning. Welcoming speech by Ministerial Councilor Dr. Alfred Weikert, Ministry of Education

Vienna

Outlining of the work program by Dr. Klaus Mehnert, Stuttgart

Afternoon. Soviet Social Development, a model for Asian countries?

Chairman, Professor Peter Wiles, Oxford Speaker, Professer Alex Inkeles, Harvard

University

Tuesday, 23 September

Seizure of Communist Power and Soviet Morning.

form of government in Asia

Chairman, Professor Paul F. Langer,

University of Southern California

Speakers, Ambassador Eiji Aman,, Tokyo

Professor Kiga, Tokyo

Afternoon. Food and Farming in Asia - the Soviet

pattern and its application

Chairman, Dr. L. Metzemaeker, Leiden

Speaker, Dr. Werner Klatt, London

Special Several participants reported on

evening session.

Eastern European research work in their respective countries. A list of institutions

and publications will be circulated

separately.

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Wednesday, 24 September

Morning.

Soviet State Planning and Forced Industrialization - a model for Asian countries?

Chairman, Professor Kenzo Kiga, Tokyo
Speaker, Dr. Oleg Hoeffding, Santa Monica,
California

Afternoon. The relations between Peiping and Moscow Chairman, Professor Donald W. Treadgold, University of Washington

Speaker, Dr. Klaus Mehnert, Stuttgart Evening. Reception by the Governor of Styria

Thursday, 25 September

Morning. The Soviet's Nationalities Policy - a model for Asian countries?

Chairman, Professor Josef Matl,
University of Graz
Speaker, Colonel Geoffrey Wheeler, London

Evening. The Soviet Government and Education in the Asian countries

Chairman, Mrs. Jane Degras, London (Due to illness of Mme. Carrère d'Encosse, Paris, this paper was distributed for private reading and not formally discussed).

Soviet Philosophy as Model for Asia
A report by Dr. Buchholz on the 12th International Philosophy Congress in Venice

Friday, 26 September

Morning. Soviet Economic Aid for Asia
Chairman, Dr. Hans Braeker, Bonn
Speaker, Harish C. Kapur, India

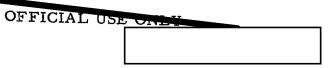
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Afternoon. Summarizing Statement Chairman and speaker, Dr. Mehnert, Stuttgart Speech by the Minister of Education, Dr. Heinrich Drimmel, Vienna, followed by a reception.

Saturday, 27 September

Participants of the meeting returned to Salzburg.



Speech of Welcome by Dr. A. Weikert, President of Arbeitsgemeinschaft Ost 21 September 1958 (Translation from the German)

Ladies and gentlemen: First of all let me thank you that you have undertaken this long journey to come to us. For some of you it was a long road which has led you away from neighboring Asia and Russia. So it may seem that with this trip you have removed yourself from the topic of this conference. But you see, hardly two hundred kilometers from here, as the crow flies, and hardly thirty kilometers from Vienna, the capital of Austria, there are the frontiers of the Satellite states, there begins the East or, as people used to say in the past century, there begins Asia. This is of course wrong, geographically speaking, but if it was not correct in the past century, it certainly is now, so far as ideology and world politics are concerned.

This geographic position, this neighborhood of Austria with the East, also explains to you why Austria is concerned with Eastern problems. This is not a new development. For centuries, Austria was forced to come to terms with the East - with the Huns, the Avars, the Magyars, the Turks, and lastly, the Russians. All of them were lured by Vienna, by Middle Europe, by the Occident.

This occupation with the East, the new Austria, could not immediately continue when it became an independent state again after 1945 because the Russians occupied half of our country. Only after the State Treaty, we can choose to do or not to do what we want and therefore have immediately turned to the study of the East.

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This undertaking was supported by our present neutrality, which, as we Austrians understand it, is a purely military one. But so far as Weltanschauung is concerned, we quite strongly profess our own views and defend them abroad. In our opinion, this neutrality creates the premises for our study of the East, for our contact with the East, and also for our debates with the East. On the basis of our geographic position, in view of our historic past, and not the least because of our character (our understanding of other people with typical Austrian tolerance), we are perhaps more than some other peoples in the position to deal with the East, to confront its ideology with Western ideas and to represent the views of the West in the process of this confrontation. In our opinion, discussions with the East are bound to come and will be carried out on philosophical - ideological grounds.

Our task will be to help in this work. For this reason, you must understand that we Austrians, too, have been occupied with this great problem for centuries, and therefore, ladies and gentlemen, you will appreciate that we Austrians are very, very interested and want to contribute at least something to your conference. For this reason we have taken the liberty of inviting you to Austria.

There is something else we want to tell you with this invitation, namely, that in Austria the Eastern problem is predominantly one of academic political research as befits our neutrality. This approach is underlined by the fact that the Arbeitsgemeinschaft Ost is a scientific organization and it is furthermore accentuated by the fact that the Austrian Minister of Education rather than the Austrian Foreign Minister will visit the conference.

I hope you will have a good time here. I hope that the Austrian scenery will charm you with its unique magic and will bring nearer to you the Austrian character, thereby perhaps contributing to the comprehension of our difficult problems concerning the East.

In this spirit, I greet you very cordially and hope that your conference - if you permit, our conference - will be very successful.

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Final Summary by Dr. Mehnert concluding the Bad Aussee conference

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There have been two aspects to the work that we have done during the last few days. We have gathered here on the one hand as scholars but - and I think it is no reason not to confess this - we have gathered also as people who are deeply worried about the future of the world. We have faced this and I do not think there is anything wrong in it. It has been said that scholarship should be like the lamp that produces light and it is not a stove that produces heat; well, that may well be true of the abstract sciences, but even there one can doubt it because the most famous product of scholarship, the atomic fission and fusion, produces both light and heat and has created a new situation in the world which has made the problems that one could discuss quietly in a scholar's room, entering into the street of all our lives. So, whatever we have been doing here, has been dispassionate work and on the other hand it also was political work. Nothing that has been done or thought in this field can remain without its political implications; it is not being done in a vacuum.

Now there are three things that we should turn our attention to this afternoon. One is the problem of China, the worry that China poses to us: The picture of a (at least potentially) very strong country, of a militant country, (pronouncing so in the latest document that we have studied here about the people's communes), a very ambitious country, a demanding country which feels that it needs a place in the sun that it is being denied, a country that has a very close alliance to the Soviet Union. This is the first topic that I will turn our attention to briefly. The second and main topic, of course, is that of the future of Asia, of non-communist Asia. The worry

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that we have, whether it is stable or not, whether there are not all too many symptoms of instability - material, psycological and so on - and therefore, the danger of sudden changes which might upset the delicate balance of power, the delicate and precarious equilibrium, which exists in the world today, if important countries, political areas would suddenly throw their weight into the scale of the Soviet Union. And the third topic to be considered, what can we do about it, we who are sitting here around this table, we who are not part of the Soviet world. I would appreciate very much if you would keep this third question in mind, while we discuss the first and second question.

I think it is up to all of us to agree on what to do with our mutual intellectual products. One of the possibilities would be to produce something like a Minstereifel-article. I would rather think that the topic one "Peking-Moscow" and the topics "Future of Asia" can not be put in one article. They were two different things and should be treated separately. I also think that our main emphasis has been on the second point, on the future of Asia, and it is more important from the point of view that we have discussed here to formulate something on it. But still I would like very much to recapitulate briefly what we all said on the problem of China and see whether any major omissions or misunderstandings there still exist. We do not wish to issue communiques that everyone could sign. Still I would like very much to feel that on the principal issues, if not on every detailed formulation, we agree in this group. On the question of China we have spent one afternoon in this discussion and some conversations followed afterwards in smaller groups. I must say that, what was said here, was helped to clarify my mind very much and I hope it has done the same to you. I would say as a thesis that for the non-communist world it is not desirable that there should be one overpowering block, reaching from the Elbe River to North Korea and to Hanoy, that it is for the noncommunist world including the Asian countries simpler to live in a world where there are two red giants, if there have

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to be red giants. I really think that this statement could be accepted also by Asians and would not be considered as an aggressive statement on the part of the West. Now what is there that could be done on the basis of what we discussed here, to keep a situation in which there are two red giants and perhaps even to develop the individuality of the second one, which would make him act and think somewhat different from the other one? There is not very much that can be done about it. I think one also should not insist on it too much. We are doing both of them a favor if we constantly speak about danger of the two getting too close together. But I would make a few points which I think could be mentioned in this connection. I think we should watch very carefully the whole problem of the population and population pressure. It seems to me that for the relationship of China with the Soviet Union as well as of China with Asian countries the problem of population in China is a major issue. If China continues to increase by twelve millions a year, then that is frightening to its Asian neighbors and also a major question in China-Soviet relations, even though they are not openly discussing this angle of it in their press. I think it is also necessary to closely watch the existing and growing of Chinese nationalism, which is also a factor, that makes the Chinese desire independence and be against too close a merging with the Soviet Union. Our friend Bischoff has given us some interesting and startling instances on this Chinese nationalism and the way it directs itself also against too much influence on the part of the Soviet Union. I believe that the problem of Mongolia, which was brought out by Professor Thiel and by myself, is a major issue between China and the Soviet Union and should be watched. It seems to me that it would be to our advantage in this whole concept of which I am speaking, if Outer-Mongolia and Outer-Mongolia's prestige in the world were strengthened. Therefore I am in favor of Outer-Mongolia coming into the United Nations. That country which by itself has not much weight with a population of a million - ridiculous compared to the hundreds of millions of both sides - is in a very strategic part of Asia and is an issue between the two

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neighbors. As to the question of recognition of China by the United Nations, it is a very ticklish issue. I will not enter into the problem of America's position in this, but I wonder whether Mr. Bischoff would agree that the large and at present rather frightened, nervous and scared intellectual class of China (including those who are growing into this class now by the emphasis on education) have an attitude towards the West which is not dissimilar to that of the Polish intelligentsia. All of us who had contacts with Polish intellectuals recently know that they are very anxious to have contacts, as many as possible, with the Western world. This was my impression in China also, and therefore the establishment of more embassies, legations, cultural institutes, student exchanges, and so on, would be all to the good. Finally, in line with what scholars are doing, what people like ourselves are doing, is the ideological field which bears particularly close watching. Since 1955-56, developments have become visible which did not even exist before or were not visible before. I think on each one of these points minute studies should be made and probably are being made. For instance, the University of Southern California applies its energy to this and others will do so. The way Peking on the one side and Moscow on the other side reacted to the whole issue of de-Stalinization, cult of personality and so on; howethey reacted to the Poznan riots and the Hungarian revolution is not always the same. Also their own reactions are changing from time to time, undergoing changes toward Yugoslavia, the problem of revisionism, the attitude towards the strait of Formosa, the use of peaceful or of military atomic energy and the problem of the competition in Asia. There has been thrown out the idea that there might be a division of spheres in Asia between China and the Soviet Union. This is an assumption, perhaps it is true, perhaps it is not. It would be of interest to know more about it, and the suggestion that was made that one should study more carefully the role of the Communist parties in the Asian countries, a point stressed particularly by Harish Kapur. The question of philosophical contradictions between the Soviets and the Chinese have, at

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least to my knowledge, never been published in the philosophical and political magazines as outspokenly as they have since Mao-Tse-tung's speech in February 1957; there are undoubtedly quite a few shades of difference between Soviet philosophy and Chinese communists. For example, the article of Sobolev (I think No. 2 of Kommunist of this year) treats the problem of contradictions on the one side and the Chinese do it on the other side, or the issue of the uninterrupted revolution, the question of the proletarian dictatorship or democratic dictatorship, or the people's communes. All these are issues which require very minute studies and not just a general view. Here is a definite challenge to scholarship which, I think, will be taken up by the scholars throughout the free world and it is necessary not only for us to find answers to these questions, but it is also, I believe, important to bring it out into the open, to state these facts, to point out differences if they exist. We know that such things reflect back into the Communist world, they will have an influence, will be a ferment in Moscow and Peking.

Let us go to the chief problem that we have been dealing with here: "Non-Communist Asia and its Future," The thesis which I made my thesis number one at the outset of the meeting, the thesis that Asia must find its own road and that we are interested in Asia finding its own solution, has not been contradicted in the course of our discussion. So it seems to me I can take it for granted that it is our opinion here that it is in Asia's interest to find a way of its own, which would be neither a Moscow nor a Peking way but one in which it would apply its own solutions without thereby falling into the Soviet camp. We have, therefore, very carefully studied the Soviet model in order to be able to clarify our own mind and perhaps also that of others with regard to the applicability of the Soviet model. I think we have really gone out of our way to be the advocatus diaboli and to see whether even philosophy and education could be considered as suitable models for the real needs and interests of Asia. In the course of our discussion it seemed to me that one thing has

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become quite clear, namely, the fact that the focal point of Asia's undisputable desires is to get rich, influential, mighty, healthy quickly, and to get all these things by industrialization. It seems to me - and I think that in general we would probably agree on this although there are shades of different opinions - that we are not trying to tell the Asians that this is wrong and they would be far better off if they would not industrialize, or at least, not to do it with such emphasis, but rather more carefully and slowly. The question is not whether they should do this, the question is how fast they could and they should do it. The problem of the speed of industrialization in Asia has been, if I am not mistaken, the central issue of our discussion although it had not been intended by anybody to make this the chief issue. I think it began to emerge as chief issue in the fine paper that was given to us by Inkeles. So my thesis then would be that we would have to concentrate on this problem of speed.

Einstein and Heisenberg have worked, and Heisenberg continues to work, on a formula for the whole world. That would include all the problems of energy and material in this world. I am not in a position to say whether Heisenberg's formula needs the test or not, but anyway, the scholars in this field seem to think that it is possible to devise one formula that would take care of all the problems of the material Now this is an infinitely more difficult thing, it seems to me, than to devise a formula that would cover the problem of Asian development and industrialization including the question of speed. I think one might have at the end of such a conference the courage of simplification which always, of course, will wrong many issues but which, from time to time, should be tried. So it seems to me that what we should try this afternoon is to devise not yet a formula - to that much more work would be required - but at least the blueprint for such a formula. It seems to me that in this formula there would have to be included a number of factors which together with the speed factor could be taken up by the Asian countries to be applied or not applied, at any rate,

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to be used as a yardstick for what they intend to do. I would suggest the following eight ingredients of such a formula:

One is, and that was particularly stressed by Hoeffding - that the level of each country at the start - the economic level, the social level, the educational level, the population level, (and many others could be added) is one of the ingredients. It is different in Malaya, in India, in Iraq. This would then have to be one of the factors to be included into such a formula. We have been told by Hoeffding that the starting point of the Soviet Union in 1917 was considerably more favorable than that under which Asian countries and also China started its new development. Well, I think it is important to realize the differences of the level on which different countries would start into this new development or have just started recently to enter this new development.

The second important ingredient and perhaps the most important one, is the ability of each country to finance its industrialization without foreign aid. How much can it contribute to this development which it desires? Two things would have to be considered. One is: how much can a country produce out of its own property through austerity, we call it Konsumverzicht in German, by renouncing individual increase of wealth, by denying its people many satisfactions in order to get the money for this particular purpose industrialization. The chain of hanging jewelries around the necks of their women or around the pagodas is an odd form of saving which does no good to this particular object, so it would have to be changed. And then of course - and that again is different in different countries - some countries have goods to export which are relatively easily obtainable, oil, or tin, or rubber, and thereby can solve a good deal of their financing problem; and others do not. This too would have to be a part of such a formula.

The third ingredient would be the <u>population</u>-increase. I would say, however, that this is one of those topics which the West has to discuss with great tact. When Asian countries get the feeling that we do not want them to have a large

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population, they will then suspect that we tell them not to grow so fast because we think that would make them too powerful. But this is obviously not the reason why we are concerned about it. I think it came out quite clearly why the problem of population-increase is of such major concern to the world. We do not want to tell them what they should do in this field and even the governments can not tell their people what they should do in this respect, at least they can not force them. The remark about certain forms of productions still being private was made by one of the speakers, but we can do no more than explain the facts of life, namely, what consequences rapid increase of population has; if they want them, if they are not afraid of them, all right. But they must realize that it has these consequences. They must understand that if that population grows one half percent a year then their problems and plans for the future will be different than if it grows by two percent a year. Perhaps also the question of the use of the rural population for other than agricultural work (small industries and so on) might be included under the general heading of population increase.

Another point only to be mentioned and not to be foregotten but not to be elaborated on was the difference in calories that are needed to keep body and soul together in different climates and for different peoples. This too has to be done very tactfully. It can not be said: All right, you want to eat three thousand calories, but should get along with two thousand. These are also facts of life to be maintained without getting anybody excited.

Point 5: The increase of agricultural production. I think it should be explained that there are certain methods in agriculture which promise to have an optimum and others a less favorable result. The work done by our friends, Klatt and Schiller, it seems to me, is pointing in the right direction, and the Japanese example, of course, is of particular importance, since here we have an Asian country which has,

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as far as I know, the greatest per acre yield of rice because of its methods which surely are not those of the kolkhoz. There is no getting around it that the mass of the savings to be used for industrialization has to come from the mass of the people who are peasants. It seems to me that here too the advantages and disadvantages of the kolkhoz should be explained calmly and objectively. It should be pointed out that the kolkhoz is more a political than an economic instrument, that it was installed for political rather than for economic reasons, that at the time when it was installed the desire to feed the cities was the chief purpose, not so much the increase of production. I do not think that Asians would like to live in a collective. They would perhaps accept the kolkhoz if they could be convinced that that is the way to get rich quickly for a nation. But surely for very large parts of Asia, the Monsun-Area, it is very easy to explain that the kolkhoz is not a suitable form for obtaining an increase in production. The dividing line between the kolkhoz and the cooperative, I think, should be made very clear and simple to the people. The dividing line is, I would say, voluntary or not voluntary. During our discussion, our attention was called to the desertion of so many farmers from the Chinese kolkhoz in 1957. This fact shows the degree of reluctance with which the Chinese farmers have joined these organizations. I think if we do explain this, one could achieve results.

Point 6 would be the improvement of education and would have to be a part of such a formula. One might almost mathematically take into this formula the rate of increase in education just as the rate of increase in population or in industry production and so on. And, finally, the question which occupied our attention this morning, foreign aid. It was rightly pointed out that none of us had happened to think of GeorgeKennan's suggestion "leave them alone and leave them shift for themselves." I like and admire George Kennan very much - I had known him for, I think, more than twenty-five years - but I have not been able to follow him on

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this particular point. Think of deGaulle. It is a very bold experiment that he is making and to which the African people will have to give an answer some day. He has in effect said to them "either you stay with us, then we give you aid, or you quit us and then you do shift for yourself." We will have to wait to see how it works out, but certainly none of us would say that such is the policy to be adopted by the West in general towards the development of countries. Foreign aid is here to stay, in fact it is likely to increase rather than to decrease. But what should be our concern and what was shown most convincingly this morning is that we should try to obtain a better result from the tremendous sums of money that are being put into Asian countries. We have known before but it is good to hear such a thing again, and it was most convincingly put before us in the mouth of our friend from India, that in spite of billions and billions of aid the West has lost ground, while the Soviet Union, with a fraction of that amount, has a great deal of support and sympathy.

The last part in this formula would have to be, that from a certain point of speed on industrialization, a social transformation can no longer be achieved on a voluntary basis as in a democratic state, but that violence, force, and dictatorship would be required. It seems to me that it should not be impossible for people who put their minds to it to devise such a formula, which would say, roughtly speaking: up to a certain amount of increase in industrial production per year, you can include a certain amount of foreign aid and administer it democratically, without adopting measures of violence and dictatorship. If you want to be faster, you can do it; the Soviets have done it, and China is doing it. But you must understand that this would require methods which you would not like. We also will have to ask ourselves, and I think there again one could devise a formula that would be acceptable: where is the point of no return; where does the slippery road towards violence and dictatorship begin? On the basis of percent of increase, no one could say when the point of no return has been reached. From the organizational point of view one could say that once monolithic con-

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trol of the Communist Party has been established, (with keymen in all important positions within the trade-unions, in the police, in the army, and so on) then the point of no return has been left behind. I do not believe, and I have not found on my trips through Asia any evidence to the contrary, that the Asians are interested in the Soviet state model and the Soviet dictatorship model. I do not think that there are many outside the Communist Party who want to live under the dictatorship type of state which exists in China or in the Soviet Union.

It is therefore necessary to make it quite clear - and there are many facts that can be quoted dispassionately and calmly which we discussed when Mr. Amau gave the introductory talk - that there are two phases in the development of the Soviet orbit. No matter what the Communists may call themselves in each country, no matter how they came to power, whether by a violent revolution, by the bayonets of the Soviet or the Chinese army, by a democratic process and elections, or by indirect aggression, once they are in power, there will come the very costly phase of terror and violence, during which they eliminate their most obvious enemies and thereby also destroy a good deal of national property and goods. The second phase comes when they begin to change the social structure of the country into the Communist one. All the talk about the peaceful road of democratic processes that might lead to socialism which Khrushchev put out in his XX Party Congress speech should not obscure these basic facts; these are facts and not ideas of some sovietologist; they can be very easily shown and proved. These are facts irrespective of the façade which may be built around them. The Soviet structure, which is officially and constitutionally upheld in the Soviet Union, is such a façade. The Soviets perhaps will some day be part of a truly democratic pattern, I do not consider this impossible. The Sovietaidea in itself cannot be considered undernocratic, ita simply means that factories, peasants, and other groups and institutions elect councils, the Soviets. The people's

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communes in Communist China, even though we do not know too much about them yet, are certainly nothing else but a new façade. I said that the Asian peoples - and it seems to me that it is true also of the satellites or non-Asian peoples as well as of many Russians - would not choose dictatorship of the Soviet type, would not choose these violent and bloody revolutions lightly. They might choose them if they were convinced that these were unavoidable methods for self-preservation in a national emergency or if they found them unavoidable for their purposes of industrialization. If they say that the speed of industrialization which can be obtained without these methods does not suffice, that they want to go much faster, then they would have to adopt these methods, but only in order to achieve something else, certainly not in order to live under this system. Most Asians know about Chinese and Soviet realities and whatever they know about these things, about concentration camps, terror, secret police, and all that, certainly is unattractive to them.

It seems to me that one should also emphasize that in a number of countries the democratic approach towards politics has functioned well and is functioning well. Our friend, Langer, said some words of caution two or three days ago and perhaps his very great knowledge of the recent history of Japan and the memory of the thirties and forties in Japan has influenced him in his scepticism that he voiced. One can also say something in defense of a genuine democratic desire among the Asian countries. It can be found in the fact that the Asian countries, take India, take Burma, when fighting for their national liberation, employed the methods of democracy. The fight to get more seats for elected representatives in the assemblies which in the beginning consisted exclusively of appointees of the foreign colonial governors. They attempted to do very much the same as the British or French in their own history have done when they were trying to impose their will upon the autocratic power of their kings and princes. So here a nation tried to get more and more representatives, not against its own emperor but against a colonial power.

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Thus the struggle for national liberty is so closely linked to the application of democratic methods as a part of this struggle for national liberation that it is considered as being part of the struggle for national liberation and therefore far more acceptable than if it had been brought to them by some political missionaries who say: "This is the way of life; this is what you should do. " Surely during the last years Indian democracy has worked remarkably well, considering the tremendous difficulties the Indian leaders faced since the day when the British departed. Not to mention Japan in its recent years; the Japanese - as the Germans - had learned lessons from the past and the fine economic recovery of Japan in the years after the profound shock of 1945 has been closely linked with a relatively stable domestic situation based on democratic processes.

We now come to the question of what conclusion could be drawn from this if we were in principle to agree on what was said. I would state here three suggestions: I begin with the "last testament" of our friend, Treadgold, who suggested a new conference which would take up the question where we leave it today. Now in principle and if it could be done, I would be very much in favor of this and would include it in my last will and testament also. The suggestion then would be that at some other conference we would discuss the problem with relatively more Asian specialists, hhowever, I and would think also with a sprinkling of sovietologists. Clearly, knowledge of the Soviet Union and its processes is very hopeful when these topics are discussed. I think that is also what Treadgold meant. One might deliberate the question which particular frame organization would be suitable for such a discussion. It obviously would be asking too much of the "Arbeitsgemeinschaft Ost" in Vienna to take such a burden upon its shoulders and it could not be done by the "Deutsche Gesellschaft für Osteuropakunde" either. The group of people that is within the Colombo-Plan-Organization would perhaps be suitable for such a project. Anyway, the task would be to develop further the subjects we have discussed

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here and to develop some program which would take up all the factors which have come up in the course of our discussion here.

The second thing which goes still further beyond possibilities and means of our small group here would be to follow up the suggestion that Dr. Svianiewicz put before us or perhaps still will explain more closely afterwards, which aims at a binding obligation of the "have-countries" to help the "have not-countries" to obtain the status which they desire. I would be very much in favor of it if such a thing could be established. It is undoubtedly a ticklish thing to interfere in the economy of another country by saying: "I will give you such a sum but you must let me participate in what you do, you must give me a chance to check what you are doing with this money." It would still be a ticklish thing but easier to accomplish if a United Nations organization were to do this rather than an individual country.

The third thing that I had been wishing and hoping for a long time and which I think also could only be accomplished on a supranational basis, either of the West or probably still better of the United Nations, would be the training of young people from many countries into some Legion of Aid to Afro-Asian Countries. This would mean the development of a group of young people, enthusiastic for this big task, to train them for it properly, create some community interest in them, some esprit de corps. The ideal thing would be to have an academy for the training of these young people. Dr. Swianiewicz who will not have impressed us as a man of phrases, who spoke little and to the point, uses the word which I want to use here. He said, "something spectacular has to be done." I do believe that he is right.

For clarification I think a few things have to be done; there is the problem of property. We have not discussed it in detail but I think it is an issue that must be clarified in the minds of the Asians. To many of them, particularly to the intellectuals, private property seems wicked in itself

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and abolition of private property would be a great step forward. I think it would be necessary to explain that this is not so, that the question to whom a factory belongs, whether to a company or to an individual or to the government, is not the primary problem, that a high rate of growth can be achieved also with any other system such as we have in the Federal Republic of Germany, without employing any socialist forms of economy. It should be pointed out that it is in the interest of each individual that not the entire economy should be in the hands of one employer only, the state. Now this may be a very controversial question we have not discussed here and there may be those among you who think differently. I am not saying what we as a group should state; it is not our main concern. But the problem of a property is a major issue and one about which a great deal of thinking must be done. To me it seems that to avoid the monopoly of the governments as the sole employer is a major issue in the interest of people in our country or in the countries of others.

The problem of the trade-unions, the aid to labor comes in here. The Soviet type of trade-union just is not a trade-union. Harish Kapur said the Asians, very many Asians, want socialism, that it is something that appeals to them as an idea. I think he is right. He also said, "If you do not want us to use the Soviet type of socialism, then which other type do you have to offer?". It seems to me that the British are particularly good on writing on this subject; at least, the best books I have read on this topic in the last ten years or so came from British writers to explain the different types of socialism. And it is here where the picture of Yugo-slavia enters. Yugoslavian socialism is of great interest to many Asians and the Yugoslavian variety of socialism is something which they would consider as a possibility.

We have also seen in our discussion yesterday morning that a great deal of Soviet influence reaches Asia through the Soviet Central Asian republics. They are show windows

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to which the Asian visitors are taken. The growth of Tashkent, for example, impresses them far more than the Gorkistreet in Moscow. Finally, I think, more should be said about the Japanese model which has the tremendous advantage in that it is an Asian model. I realize (and our friend Kiga was frank enough to speak about this) that there is still antagonism in Southeast Asian countries as a result of the experiences which these peoples had during the Japanese occupation. This will gradually disappear and I am quite sure that Japan will enter more and more into the thinking of Asian peoples, not only as trader and manufacturer but also as a model.

Someone reproached us here by saying that it was a mistake not to have discussed the problem of Asian intellectuals. Perhaps this is true. It would have been then - I think - the third of the special topics, in addition to the special topics "Soviet Union and China" and "Foreign Aid"; it might have been very worthwhile to add a third special topic "The Problem of Asian Intellectuals." I would like to formulate it this way: the Intellectuals in Asia or in Europe have two desires which one has to take into consideration. One is for material security; they think they have a better chance for advancement and professional success, if they go into the - well, let us use the word - "Mandarin class." Thus the state Mandarin class, in a state in which everything belongs to the state, expects for itself a better chance to leading positions than in a privately run economy where they do not get ahead because big families and big property owners do not give them the chance to rise. So they desire to rise through state positions to officialdom, through the mandarin life.

The second is the desire for intellectual security. I think that was the formula which Jane Degras used. Since their old religion is something to which they cannot return any more, they are looking for a secular religion which would tell them exactly why they are here and where they are going.

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Dialectical materialism to some extent satisfies this need for intellectual security, and therefore I think one should not underestimate the attraction of dialectical materialism to Asian peoples.

The last question, what to do after tonight about what we have been doing these last few days. It would not be too difficult to write up summary publications in one of our magazines under two topics about which I spoke: "Soviet and China" on the one hand and "Asians' future" on the other. I would like to have such articles in our magazines but they would only come to the knowledge of people with a German reading knowledge. So what I would like very much is to find ways and means and I would ask for your cooperation to get the results of our discussions published somewhere in the English language, probably in some magazines which actually do go to Asian countries. It is no good to send out a pamphlet; pamphlets look like propaganda and are thrown into the wastebasket. If it would be possible to publish some of our conclusions in English language magazines which have a standing and a distribution in Asia, it would make me particularly happy and perhaps we can find a way of doing it. 1

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Soviet Economic Aid for Asia

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Second International Conference on Soviet Problems

Outline of Report on

SOVIET SOCIAL DEVELOPMENT. A MODEL FOR ASIAN COUNTRIES?

by Alex Inkeles, Harvard University

Cutting beneath the surface of the many concrete elements of their demands, platforms, objectives, programs, we may sum up the basic desire of the Asian leaders as that of effecting a national renaissance or resurgence in established countries, a national upbuilding in newly self-governing areas. Concretely the objective is making the country sufficiently powerful so that it may feel itself truly independent and autonomous, deserving and earning respect and carrying weight in regional and world councils. Although there have been some exceptions, such as Ghandi, their idea of how to attain this state seems almost everywhere to assume the necessity for a substantial amount of heavy industry, underlain and supported by a large scale system of efficient transportation and communication. Everywhere the idea seems to be that these purposes can be attained only by greatly strengthening the state, giving it a leading role in organizing, financing, and adminstering this development. This is generally summed up in the idea of "modernization".

It is not only inescapable, but proper and desirable that in seeking models for their own future social development Asian leaders should consider the Soviet model and weigh its applicability against others. Scholars who study Soviet development can make a real contribution by helping Asian leaders to a realistic assessment of what the pattern of Soviet social development has actually been, what the price of that development was, what its main features now are, and what the strengths and weaknesses of that system seem to be. We can approach this task by calling attention to a number of different aspects of the problem as outlined below:

1. Relation of Theory, Image, and Social Reality

An approach to Soviet society as a model places us under

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particular obligation to distinguish between the model of socialist society presented in Marxist and Leninist theory, the image of Soviet society which Soviet propaganda seeks to disseminate, and its reality as a dynamically functioning social system. My paper will seek to establish that however effective a social system may be, the reality of Soviet social structure bears only limited relation to the original model, and in major respects does not correspond to the image disseminated by Soviet sources. The reasons for this, which are instructive for Asian development, will be explored.

2. Identification of Stages of Development

We must carefully consider the time dimension, i.e., the stage of development of the Soviet system to which our discussion has reference. One of the most important sources of confusion about Soviet development has been the failure to make this basic distinction. The Soviet Union was quite a different type of social system in the period of the New Economic Policy than it was in the period of forced industrialization and collectivization, which in turn was markedly different from the mature system of the fifties. It will be argued that it is inadmissible to assume that one can take at will the elements of the system from different stages of development. This limitation may give many Asian leaders a different perspective on Soviet development.

3. The Instruments of Change

No model of what was accomplished in the Soviet Union can be adequate if it does not take full account of the unique social agencies which effected that change. These include in particular the one Party system, organized as a political army under a general staff; the imposition of a uniform ideological orthodoxy; the development of a vast monopolistic system of mass communications; and the development of appropriate measure for coercing participation in the process of change. Many Asian leaders lack full awareness of the crucial role of these and other instruments of forced change in the Soviet world.

4. The Consequence of Change

There is one aspect of modernization from which many draw back. While importing the machine, and that part of the machine culture necessary to its maintenance and operation,

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many hope to preserve the most important features of their traditional culture, including religious, ethical, family and kin, artistic, and political relations. The central dilemma facing many Asian leaders and people lies in the possibility that in gaining modernization they may lose what they cherish even more - their traditional cultural heritage. Becoming economically autonomous, they may yet become a cultural "colony" culturally fused with the world culture of Western industrial society. The pattern of change induced by the Soviet model requires great speed and high intensity. In the process the destruction of traditional values and institutions is relatively complete and extremely harsh.

In conclusion I plan to stress that a realistic view of the Soviet Union, while acknowledging its impressive accomplishments, must recognize that it represents only one model for undertaking a program of modernization and that there are definitely alternative models which may be chosen. There is neither political nor scientific reason to hold this to be the only path. This model does not have universal or even necessarily general applicability, but rather was, in important degree shaped by the distinctive forces of setting, history, and circumstance which applied mainly to Russia. And that this model, involves costs and penalties, many of them extremely high. The ultimate choice is, therefore, a moral and political one and not, as the Soviets would have the Asians believe, essentially a scientifically dictated one.

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Second International Conference on Soviet Problems

Outline of Report on

SEIZURE OF COMMUNIST POWER AND SOVIET FORM OF GOVERNMENT

IN ASIA

by Eiji Amau, Tokyo

1. In Asia communist regimes have appeared, whether recognized or not, in China, Outer Mongolia, North Korea and North Vietnam.

In India, a communist government was formed in one of the provinces, but limited to the particular province. In the case of Indonesia, it is doubtful whether the present government is regarded as communist government.

The communist regimes came into being in Outer Mongolia and North Korea by military influence or, under occupation of Soviet Russia or Soviet China, somewhat different from the cases of China and North Vietnam.

The outstanding feature of communist history is the appearance of Communist China in Asia.

- 2. We should consider what helped the communist come into power in China, what are helping them to stay in power, and what are their obstacles to the maintenance of power.
- 3. What helped the communist dictatorial regime establish itself in China?
- (a) Special domestic circumstances:
 Western democracy did not take root in China where
 it had no favorable climate for its growth. Western powers
 which started making advances into China in the nineteenth
 century, joined hands with central and local military clans
 and did not help Western democracy spread among the Chinese
 people.

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(b) Foreign influence:

(1) The successful Bolshevic revolution in Russia, one of her neighbors, exerted tremendous influence both material and spiritual, on China.

- (2) The Soviet Government and Communist Party helped the Chinese Communist Party establish itself and grow by every possible means, though they adopted different means at different times and occasions.
- (3) Nationalism in newly-rising countries in Asia, which are antagonistic to Western influence, was cleverly utilized by the Soviet Union.
- 4. What makes the Chinese communists stay in power?
- (a) The Chinese people feel satisfaction and pride in their national independence and unity.
- (b) The land emancipation policy has won the Communist government the support of the farmers who account for the greater part of the Chinese population.
- (c) The industrial construction policy of the Communist government has made the people realize the possibilities of industrial development and given them hope for the future.
- 5. What are the resistances to the Communist rule?
- (a) Resistance to the dictatorial rule of the Red Chinese government is still fairly strong though it is hidden among Chinese intellectuals.
- (b) There are dissatisfaction and resistance among former businessmen and industrialists against compulsory economic controls by the state.
- (c) Disappointment is spreading because of the fact that China's industrial construction is not progressing so favorably as the people have expected. Farmers have some dissatisfaction about the land policy.
- (d) It is difficult to determine clearly what resistance traditional Oriental philosophy can have against Marxism-Leninism, but it is apparent that it is hard to be mixed.
- 6. The impact of the Russian and Chinese revolutions on Japan is basically different from that of the Soviet revolution on China.

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Second International Conference on Soviet Problems

Outline of Report on

FOOD AND FARMING IN ASIA THE SOVIET PATTERN AND ITS APPLICATION
by Dr. Walter Klatt, London

The Social and Economic Pattern of Pre-industrialised Countries

- 1. Most of the societies of pre-industrialised countries are frozen, yet unstable in the face of a rapidly changing world. Their ruling classes consist usually of landowners, merchants and army officers, superimposed on impoverished cultivators or fellaheen who live under conditions of poverty and disease, apply outdated farming practices and earn pitiful incomes.
- 2. The outward signs of this state of affairs are: nation-wide overpopulation; high birth and death rates, of illiteracy, urban unemployment and rural under-employment; polarisation of society displaying widespread poverty side by side with concentration of wealth and income in few hands; high land rents and exorbitant interest rates; low average national and personal incomes; under-nourishment if not malnutrition; prominence of subsistence farming without mechanical power resulting in low output per man on the land; high incidence of tenancy and widespread fragmentation of holdings; low mobility of labour; limited non-farm occupation provided by cottage rather than capitalist industry; low rates of savings, capital formation, public and private investment.
- 3. The social pattern is based on the village. Tribal beliefs and superstition are never far below the surface of public affairs. In the clash between medieval forms of production and the requirements of modern national states, serious strains and stresses occur. The professional and administrative classes tend to be weak and inexperienced, yet their responsibilities are often much greater than in the West. Their interests are mainly directed towards industrialization.

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Economic planning is thus usually divorced from the needs of the rural communities.

- 4. The political leaders and economic planners often display an understandable uncertainty which frequently breeds a sense of personal grievance and national inferiority. Often critical of Western ways of life, they tend to be fascinated by the Soviet pattern of centralised government and economic planning. Like the Soviet leaders, they tend to look at agriculture with contempt, and industrialisation is usually regarded as a panacea of all ills. They are frequently ignorant of agricultural problems or, pre-occupied with industrial matters, turn a blind eye to questions concerned with the life and welfare of the rural community. As a result Asian planning is increasingly modeled on the Communist pattern which is characterised by three overriding political considerations: nationalisation of private property, industrialisation of the heavy type and collectivisation of agriculture.
- 5. Agriculture is bound to remain the principal occupation of the majority of the people in the pre-industrialised countries of Asia. It costs at least L600 to equip a man in industry; it might cost L1000 or more. At that rate it is usually not possible to absorb the annual growth of population, let alone to transfer men from agriculture to industry. It is thus imperative to concertrate on increasing farm activities and improving rural earnings. Unless farm output increases by at least 1-1/2% per year, it is not possible to maintain even the present low level of consumption. Any substantial improvement requires an annual growth of farm output by 3%. In the present conditions agriculture is usually unsuited to fulfill so ambitious a task. Major institutional changes and technical improvements are required as prerequisites of increased production.
- 6. Agrarian reforms are the pre-condition of all economic and social development. The worst features of landlordism and money lending have been eliminated in some instances, but the redistribution of wealth and property is still outstanding in most cases. In the absence of a clear lead from the West, political leaders in Asia tend to look, in this as in other respects, for guidance to the Soviet orbit (Russia and China). It lies in their interest as much as in that of the West to gain clarity about the main characteristics of the Soviet agrarian pattern and its suitability or otherwise under Asian conditions.

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The Soviet Agrarian Pattern

- 7. It has always been one of the mainstays of Marxist-Leninist doctrine which was essentially concerned with questions of industrial society that small-scale farming is economically backward and that the peasant cultivator is tied to the reactionary political forces siding with the bourgeoisie rather than the revolutionary spearhead of the industrial working class. Whereas he is considered to be committed by virtue of his property to the capitalist cause, his method of production is that of the working class. He is in a conflict of interests which prevents him from joining the forces of revolution and it falls thus upon the industrial working class to take the lead on the road to economic progress through large-scale farming and to political alliance between industrial workers and peasant cultivators.
- 8. Whereas a revolutionary situation was expected to mature earliest in the highly industrialised countries of Western Europe, in fact the industrial working classes in the 'citadels of capitalism' tended to prefer the evolutionary road to social and economic progress. Against this the Russian revolution of 1905 pointed to a development unforeseen by Marx and Engels. Lenin recognised the breadth and depth of the political movement among the peasants and drew the lesson that in future urban and rural proletariat had to unite to carry out a successful revolution so as to erect the dictatorship of workers and peasants. But where Marx had seen in the revolution the inevitable, Lenin regarded it as an act of violence.
- 9. Lenin never challenged the basic concept of Marxism that the peasant is economically backward and politically reactionary. The dispute between Marxists and Narodniki which Engels had refused to settle when approached by Vera Zasulich and which remained unresolved in Central Europe where it led to the controversy between the 'Marxist' Kautsky and the 'revisionist' David, was not resolved by Plekhanov or Lenin. While Lenin never abandoned the long-term aim of large-scale socialist rather than small-scale individual peasant farming, he temporarily adopted the agrarian programme of the Narodniki when the success of the Bolshevik revolution became dependent in 1917 upon the support of the peasants. Land reform became the target of the immediate future; collectivisation the long-term aim after decades of mechanisation. This programme was not only put into effect in Russia, but

it was endorsed by the second congress of the Comintern held in 1920 for application in what are now the under-developed countries of Asia.

- 10. Stalin continued on the road of political expediency. But coercion took the place of persuasion, and the long-term aim of collectivisation was hastened inspite of large-scale opposition. Early in 1930 half the Russian peasants had become members of collectives. After Stalin's warning (dizzy with success) three out of ten million peasants left the collectives, but by the end of 1933 two in three peasant families had been coerced to join them, and by 1939 hardly any land was left in private hands. The M.T.S. became one of the main instruments of control in the country-side. According to Stalin the tractors were 'shells helping to blow up the old bourgeois world and blazing the trail for a new socialist order in the countryside'.
- ll. The cost of this experiment assessed by Western scholars at various times was publicly admitted by Khrushchev after Stalin's death: poorly utilised potentialities of large-scale agriculture, unsatisfactory state of animal husbandry, backlogs in deliveries, inefficiency of ministers and officials, low incomes of collective farms and collective farmers. To eliminate the worst features of the situation, procurement debts were cancelled, taxes reduced, prices raised, acreages increased, training expanded. Yet, five years farming was still in an unsatisfactory state.
- 12. In 1958 more drastic measures were taken. The M.T.S. often considered the irreplaceable prerequisite of Communist control in the villages were dissolved, the procurement system was drastically revised and a new price mechanism introduced. These measures have been praised as evidence of a new sense of economic rationality. But whereas technical errors of the past are being corrected, the basic concept of the Soviet agrarian pattern has remained unchanged. The process of amalgamation towards large-scale farming has not been reversed. Only in countries where a certain amount of 'revisionism' has been allowed, i.e., Yugoslavia and Poland, have collectives been abolished and private peasant farms have been reinstated. These countries are now being exposed to severe Soviet attack.

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The Lessons to be Learned from the Soviet model

- 13. Inspite of Soviet admissions of failure in the agricultural sphere, a certain feeling of affinity, due to the fact that Soviet Russia is the most developed of the underdeveloped countries, helps to blind political leaders, economic planners and agricultural reformers in Asia to the shortcomings of the Soviet pattern which consequently continues to enjoy a certain attraction in pre-industrialised countries of Asia (ref. Indian Delegations Report on Agriculture in China; U Nu's request for Soviet agricultural advisers). This makes it imperative to help in the process of clarification without which the agrarian societies in South East Asia, the Far and Middle East may well go the same way as the Chinese mainland.
- 14. The first conclusion to be drawn from Soviet and Chinese experience is the need for clarity in the use of terms applied in agriculture. As in other spheres, Soviet Communist semantics have blurred vital differences between Western and Soviet institutions. Even experienced Western commentators sometimes refer nowadays to co-operatives, a term applicable only to voluntary organizations created in response to demand 'from below', when describing collectives of the Soviet type, i.e., institutions which are created by decision 'from above' and are enforced against the express will of their members.
- 15. Next, publicity on the Soviet agrarian model has to be considered; Soviet sources, such as Khrushchev's speeches, deserve to be quoted in full in the agrarian communities of Asia. No Western critics can hope to be as effective in their analyses of Soviet reality as Khrushchev's frank accounts of past failures and present difficulties. It requires however a scholarly mind to assess the present agrarian position in Soviet Russia (and China) in relation to the performance of other societies. So far only one study on 'Communism and Peasantry' seems to have flown from the pen of an Asian, i.e., Ramswarup (Calcutta, 1954). More such publications by Asian writers are needed to bring home to Asian audiences the lessons to be learned from the Soviet model.
- 16. Last, but not least: the Soviet agrarian pattern will not cease to have its attraction in pre-industrialised

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societies of Asia unless the fallacy of the Marxist doctrine is exposed. This has not been done so far. The central issue is whether in agriculture, as in industry, the large economic unit results in higher output than the small one and is thus politically the more desirable.

In this controversy, Marxists and others fell victim to a methodological error which has yet to be remedied. In measuring industrial enterprises and their role in economic development, capital and labour input have always been used as yardsticks. If Marxist theoreticians had applied the same measures to agriculture, they would have found that it is not size that determines output, but capital and labour input and that size is relative to the type of farming that is carried out. A small Danish pig farm may well be 'larger' than a vast American grain farm. The conclusion to be drawn from this is that in economically developed countries the farm which is relatively small in acreage, but intensive in the use of capital and labour, is the more desirable form, both from the economic and the political points of view.

- 17. If this conclusion is accepted, technical and managerial questions can be answered without difficulties, and no conflict need arise between political decisions and farming realities. Equipment for the intensive use of the land will be chosen rather than mammoth tractors, and co-operatives for the purchase of fertilisers and the sale of dairy products rather than machine tractor stations. Only in countries where farm land is ample by comparison with labour will large scale mechanised farming show decisive advantages over small agricultural units. If the methodological error in Marxist agrarian theory had been recognised in time, communists in Russia, Eastern Europe and China might never have got into the dilemma of making the peasantry their tactical allies in the initial stages of the revolution and then abandoning them in the interests of collectivisation considered the ultimate aim of socialism in agriculture. Instead of turning the peasants into their most deadly enemies, the communists might have succeeded in making them their allies and thus combining the fruits of a belated bourgeois reform with those of an industrial revolution.
- 18. The recognition of theoretical errors in Marxist doctrine and practical blunders of Soviet farm policy is not necessarily a sufficient safeguard against committing similar mis-

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takes in the agrarian communities of Asia. They can only be avoided if agrarian reforms are carried out which have been long overdue and which are the pre-requisite of social change and economic progress. The redistribution of wealth and income is not so much a moral issue but a pre-condition of the growth of urban and rural middle classes which are needed as governing classes displaying a sense of civic responsibility in place of the sense of frustration and revolt so common among Asian intellectuals. Agrarian reform can be successful only when it is followed, if not accompanied by institutional and technical changes. Community centres, co-operatives, technical education, mechanisation are only a few of the subjects that have to be considered in close relation to any programme of land distribution and consolidation, control of rents and rates and other agrarian measures.

July, 1958.

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Second International Conference on Soviet Problems

Outline of Report on

SOVIET STATE PLANNING AND FORCED INDUSTRIALIZATION -

A MODEL FOR ASIAN COUNTRIES?

by Oleg Hoeffding, The Rand Corporation

The Soviet record of rapid industrialization under state planning, understandably, commands much interest and attention in Asian countries anxious to develop their economies, and it is important to appraise the relevance and applicability of Soviet experience to Asia's problems.

State planning has functioned in the USSR as a component of an entire political and social system. Its efficacy in promoting economic growth and change has vitally depended on this environment, and particularly on the coercive controls available to a totalitarian regime. This dependence implies a familiar dilemma: Asian countries, in order to profit from Soviet planning experience, have to accept the entire formula of Soviet—type totalitarianism (as China has done). Alternatively, if they reject coercive methods, they have to seek different paths to economic development (as India is doing), and it is doubtful that they can then derive much benefit from copying specific technical features of Soviet planning.

It is questionable, moreover, whether it would be either desirable or feasible for Asia to seek to emulate the particular goal and pattern of economic development pursued by the USSR, which concentrated on rapid industrialization, with stress on heavy industry and to the neglect of other sectors, notably agriculture. Most Asian countries cannot afford similar neglect, and the same emphasis on industry. They are striving to embark on economic development from an initial position much less favorable than the USSR started from. They face a number of handicaps which the USSR did not have to overcome, or only encountered in a rather mild form. As a result, the USSR acquired no experience of dealing with some of the

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the problems that will most vitally affect Asia's economic future.

In carrying out its specialized version of economic development, the USSR possessed, inter alia, the following advantages over Asia:

- a. Soviet planning was able to build on foundations laid by an extended phase of capitalist development in Russia. By 1913, Russia had probably achieved that major initial increase in the ratio of savings to national income which is the first and hardest step towards economic progress, and one that most Asian countries have yet to make. Industrially, Russia was backward compared to the West, but not to present-day Asia. In 1913, her industrial output per capita was well ahead of India's in 1956.
- b. Pre-Soviet Russia was much better off than contemporary Asia in per capita agricultural output, and disposed of a much wider margin of excess of food production over rural consumption, a most important determinant of a country's industrialization potential. Russian grain output per head in 1913 was twice that of China in 1956, and three times that of India. This reflected a land endowment per capita much ampler than Asia's. Soviet farm policy since 1953 has shown that even recently the USSR still had large opportunities for expanding its acreage under crops; in Asia such opportunities are severely limited. Moreover, the Soviet Union's abnormal demographic history greatly eased its problem of feeding an increasing population. Today, the USSR has to provide for only 50 million more people than lived on its territory in 1913. India's population will take ten years, and China's four years, to grow by 50 million. It is clear that Asian development plans will have to accord very high priority to expanding farm production, an area in which Soviet policy offers few useful lessons.
- c. Several factors combined to help the USSR solve the employment problems associated with economic development. Coercive controls, applied to agriculture, were effective in depressing farm consumption and extracting enough produce to sustain fast growth of the nonfarm labor force. Outside agriculture, they enabled employment to increase rapidly, despite a heavy decline in real wages between 1928 and 1940. At the same time, strict control of consumption led to a remarkably high rate of forced savings and capital formation. All this

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helped the USSR to treble nonfarm employment in little over a decade, to reduce drastically the share of agriculture in total employment, and even to bring about an absolute decline in the rural population. These shifts, however, and particularly the last one, reflected not only the efficacy of coercive planning but also the disastrous effects of collectivization and famine. The urbanization trend resumed after World War II, another population disaster which helped the USSR to combine economic development with full employment. Today, Soviet agriculture still employs 43 per cent of the labor force, which is high by Western standards but enviably low by those of Asia. This outcome of Soviet experience (if not the means which brought it about) would be most desirable for Asia to duplicate. Yet, barring disasters of the kind which aided the USSR, it can hardly hope to do so in the foreseeable future. India's Second Five Year Plan hopes to arrest deterioration in the unemployment situation, but not to do away with urban unemployment, let alone to make inroads on rural underemployment, and the rural population is expected to increase by 30 million in the 1951-1961 decade.

China's experience suggests that even industrialization spurred to the utmost by Soviet-style coercive techniques will not offer anything like a complete solution to her employment problem. Despite the remarkably high rate of industrial growth achieved in recent years, industry and other nonfarm sectors are absorbing only a modest fraction of the natural increase in labor supply, and rural population continues to grow. Fifteen years hence, China hopes to achieve a volume of industrial output as large as Britain's. By then, if present population trends persist, China will outnumber Britain in population by something like 15 to 1. Thus, Chinese long-range planning leaves wide open the question of how to deal with her formidable problem of rural overpopulation and excess labor supply, a problem shared by most of Asia. Japan's case shows that the employment problem can remain acute even when a fairly advanced level of industrialization has been attained.

Chinese policies, in recent years, indicate awareness that the original "Soviet model" requires considerable modification to be applied in an Asian economic and demographic setting. Three recent departures are of special interest:

a. The "small plants campaign", which reflects recognition that the Soviet preference for capital-intensive production makes little sense for China, given the factor

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proportions of her economy, which place a premium on capital-saving techniques in industry.

- b. The attention devoted to utilizing rural surplus labor in agricultural investment projects, such as irrigation and land reclamation schemes; an effort that constitutes badly needed action against the twin problems of inadequate food output and rural underemployment, and provides some offset, by a virtually costless form of capital formation, to the neglect of agriculture in the allocation of state investment.
- c. Indications of willingness to come to grips with the all-important population problem by official promotion of birth control are particularly interesting. While still inhibited by doctrinal rigidities inherited from the USSR, China may be moving towards action against this most fundamental handicap of Asian economic development.

It is noteworthy that if China has looked to foreign precedents for these three innovations, it has found them in Asia and not in the USSR. She was preceded by India, with its attention to cottage industries and community development programs, and also its initiation of birth control policies. Postwar Japan has already experienced a striking decline in its birth rate. For both Communist and non-Communist Asian countries, it will be important to press the search for indigenous solutions to their problems, since neither Soviet Russian nor Western development experience provide answers to some of Asia's most crucial difficulties.

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Second International Conference on Soviet Problems

Outline of a Report about the

RELATIONS BETWEEN PEIPING AND MOSCOW

by Klaus Mehnert, Stuttgart

I. Official Relations

1. Far-reaching Imitations of the Soviet Example. leaders of Red China consider Marxism-Leninism as the foundation of their political action and the Soviet Union as the first country which has applied these principles in practice and from whose example it is necessary to learn. There is a long list of cases in which Peiping has taken over the Soviet example (forced building of heavy industry at the cost of all other branches of the economy; collectivization of peasants; monopoly of foreign trade; policy vis-a-vis intellectuals and of national minorities). The most essential difference in methods consists mainly in that Peiping more than Moscow tries to offer an attractive façade, particularly for other Asiatic peoples, without, however, being hindered in executing resolutely and brutally all measures that are considered necessary. Examples: Officially, Communist China is a multi-party state while in reality it is a dictatorship of the Communist party; a period of grace for expropriated capitalists and payment of certain indemnities while on the other hand extinguishing them as a class.

2. Possible Objects of Conflict.

A. Territorial Frictions. Such frictions used to exist predominantly in Manchuria but they have considerably decreased because of the departure of the Soviets and the relinquishment of the Soviet position in that country. In Tibet they don't seem to play any role at all and how far they exist in East Turkestan, the speaker hopes to get during this conference from other participants in the meeting. The speaker's own observations, apart from Manchuria, are limited to the Mongolian Peoples Republic which, after decades of domination by Moscow, now tries to make use of its position between Moscow

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and Peiping.

- Ideological Differences. The question concerning ideological differences of opinion, which is not very important for the relations of Western states, is of extraordinary importance for the relations of the states of the Communist camp. In part such differences between the two neighbors are of only historical interest, e.g., as to whether the revolution can be made by workers or peasants; in part their importance shrinks if one examines not the propagandistic statements but the brutal reality. (Mao spoke of the 100 flowers while in reality there is no difference between the Red Chinese policy toward intellectuals and that of the Soviets). The relatively most important ideological difference refers to the question as to whether or not there are antagonistic contradictions within Socialism (see Mao's speech of 27 February 1957), the latter being emphasized until very recently by the Moscow ideologists. Very recently there has been the problem of relations with revisionist elements and Yugoslavia whereby Peiping's reactions were much sharper than those of the USSR.
- C. Personal Differences. There is insufficient information about this topic.
- D. World Political Competition. Although Moscow and Peiping belong to the same camp there is in some instances a certain competition between the two. This is not the case concerning the Eastern European satellite states. It was unjustified and illusory wishful thinking if the Poles or Hungarians believed in 1956 that they would receive support from the Big Brother of the Big Brother. The sharpness with which Peiping struggles against Yugoslav revisionism demonstrates that Communist China is just as interested as Moscow in keeping Eastern Europe in line. On the other hand there are several indications that the East Asian satellites, North Korea and North Vietnam, are not unequivocally under the domination of one of the two Red big powers. It was my impression that North Vietnam's dependence on Peiping is stronger, while in North Korea there is a cross current of influences from both powers. Most clearly one can observe the competition in the attempts of Moscow and Peiping to gain predominant influence within the Afro-Asiatic world; in the last years the influence of Peiping has increased at the cost of the influence of Moscow. Furthermore the last visit of Khrushchev in China has shown that Peiping wishes to be consulted on questions of world political importance.

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- 3. Economic Relations. The economy of Red China is very closely tied to that of the Soviet Union and the rest of the Eastern Bloc. The dependence on the Soviet Union is very great but not unlimited.
- 4. Orthodoxy and Immigration. Moscow and Peiping permit the existence of orthodox communities under a bishop of Chinese origin.

II. The Relations between the Peoples.

- 1. Mutual Consideration. Those Soviet citizens who work in China as experts are directed to remain as inconspicuous as possible, while vice versa, Chinese guests in the Soviet Union are always loudly and very cordially lionized. The number of Soviet specialists in China appears to have reached its climax and probably has since decreased.
- 2. Amity and Suspicion. One finds in both peoples the sentiment of friendship for the great Red neighbor and feels secure having such a mighty ally. But at the same time there is also a certain measure of aversion. This originates in the Chinese out of a strong anti-white complex which is extended to a certain degree to the Russians and imputes colonial tendencies; the Russians on the other hand are worried lest the Chinese giant, helped by Soviet machines and experts, may one day become dangerous to them and will certainly in the world of tomorrow claim the first place within the Communist world.

III. Conclusions - Perspectives

- 1. For Non-Communist Asia.
- 2. For the Western World.

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Second International Conference on Soviet Problems

Outline of Report on

THE SOVIET NATIONALITIES POLICY - A MODEL FOR ASIAN COUNTRIES?

by Colonel Geoffrey Wheeler, London

The Soviet Nationalities policy was presumably designed as and has at any rate resulted in a compromise between the conception of empire, which runs counter to the principles of Communism, and the full or gradual grant of freedom to non-Russian nationalities, which would have involved the disintegration of the Russian State. Territorially, the Tsarist Asian empire has remained in being without any significant modification.

The Soviet nationalities vary greatly in size, in cultural differences from the Russians and among themselves. and in economic viability. They can be divided for the purpose of this paper into those which have had distinct national status either in the remote past (e.g., Armenia), or more recently (e.g., the Baltic peoples), and those which have not. In order to consider the extent to which the Soviet nationality system might be regarded as a model for the rest of Asia, it is necessary to examine first the conditions which have attended the creation and development of the Soviet Asian republics, which might be regarded as, in some respects, typical of Asian nationalities in general. The essential factors in the formation of the Central Asian and Transcaucasian republics were: first, that the peoples had been pre-conditioned for political experiment by the fact of their earlier subjugation by Tsarist military conquest and annexation; secondly, apart from the Armenians and Georgians, none of them had ever experienced real independence or national status before; and thirdly, that in spite of being styled "fully sovereign", they remained subject to the paramount power of Moscow exercised principally through the Communist party.

Communist theory distinguishes sharply between Soviet nationalism and what it calls "bourgeois nationalism". The

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first involves duty to the Soviet Union as a whole and leaves to the nationalities no responsibility for foreign policy, defence and various other matters. The second is nationalism as hitherto understood in the non-Soviet countries of Asia and involves complete responsibility; this may, however, also involve association with some federation of union of other states.

The notion that the Soviet nationalities system could be beneficially applied to the rest of Asia probably springs from the considerable material development achieved in the Soviet national republics, and from the claim of the USSR to have solved the problem of minorities in a multi-national state and to have done away with colonialism and the suppression of national aspirations. But the material development of the Soviet national units is largely due to factors other than nationalism, namely, paramount power and economic control exercised by Moscow, cultural regimentation and extensive colonization by technically more advanced people.

No detailed or reliable information is available about the extent to which national minorities in other multinational countries would choose incorporation with or a status similar to the Soviet national republics (or other units) in preference to their present condition. Many of them, e.g., Tajiks in Afghanistan and Azərbayjanis in Persia, are probably dissatisfied with their present living conditions, which are often far lower than those of their co-nationals in the USSR, but attempts to attract them into the USSR have so far proved unsuccessful. In multi-national countries such as India some nationalities enjoy a greater degree of autonomy than that enjoyed by Soviet nationalities, but have for various reasons failed to achieve the same degree of material development. In China, on the other hand, where Soviet methods have been closely copied, material development among the minorities is reported to be extensive, but the degree of autonomy only nominal.

The general conclusion to be drawn is that whatever the advantages and disadvantages of the Soviet nationalities system, it can only be applied in an authoritarian state where paramount power at the centre transcends nominal autonomy, and where colonization and cultural regimentation are extensively practised among the nationalities as in the USSR and in China.

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Second International Conference on Soviet Problems
Report on

THE SOVIET GOVERNMENT AND EDUCATION IN THE ASIAN COUNTRIES by Mrs. Carrere d'Encausse, Paris

I. The Soviet regime inherited in Central Asia - and in all the Moslem areas - a distinguished Intelligentsia (educated according to the traditional Moslem pattern) and an entirely illiterate population which had to be educated from scratch.

What was the basis of the Soviet educational policy? It was based on two principles:

- 1) Universal education achieved through obligatory primary education, free 7-years' school, a system of state scholarship and instruction in the native language.
- 2) The provision of national cadres of teachers in each republic.

The Linguistic Problem:

The Moslem peoples of Russia spoke many languages including three literary Turkish languages. The Soviet authorities had therefore to choose between the existing languages and the establishment of a consolidated Turkish bloc based on one language. Faced by this choice, they adopted four national languages which were "perfected" or created as requested for "the language of the masses."

These languages, moreover, presented a difficult problem in regard to scripts, for up to the Revolution the written Turkish languages were transcribed in Arabic characters involving various difficulties. This problem was first solved by the Turkological Congress of Baku (March 1926) by the adoption of the Latin alphabet for those national languages, a decision which was rescinded by the adoption between 1936 - 1939 of the Cyrillic alphabet.

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The Soviet regime was also confronted by two psycho-

logical problems in the Islamic regions:

- a) The orientation of the Moslem masses towards scientific and technical studies;
- b) The expansion of education to women, i.e., the breaking down of the tradition which isolated women from the life of the community. These factors demanded a profound transformation of the mentality of the Moslem peoples and the Westernization, the Soviet authorities freely admitted, was in effect an enrichment through Russianization.

National Educations

The organization of national education is uniform throughout the Soviet Union. Two factors, however, tend to characterize education in each Federal Republic.

- a) Each Republic has a Ministry of National Education and sections of national education corresponding to all the territorial divisions. Educational problems therefore come within republican jurisdiction.
- b) The language of the republic is the language of instruction. At the present time obligatory education is up to 14 years, but when the ten years school reform is extended to the whole of the Soviet Union, compulsory education will be up to 17 years.
- II. Professional and technical education is also being reorganized on the basis of trade and industrial schools (based on the 7-years' schools and admitting children of l4 years): Technical schools, the "technicum", and Universities for the training of engineers.

Note: Entrance to the University depends on success in an examination in the Russian language and other "optional" subjects.

University courses are given either in Russian or in the national language, the rule being that the course is given in the language of the majority.

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III. University education is completed by evening classes and correspondence classes.

A few examples will illustrate the remarkable success of the Soviet educational drive in Central Asia:

In Kazakhstan (8,500,000 inhabitants) in June, 1958, there were 1,400,000 pupils of which 49,000 went into higher education. In Kirghizia (1,900,000 inhabitants) there were 326,000 pupils of which 13,600 were higher educational students. In the formerly backward Tadzkistan, 18% of the population enjoyed the benefits of national education in 1956. The figures are all the more impressive if compared with those of the non-Soviet Islamic countries. For example, in Egypt about 9% of the population was attending schools of various kinds and in Iraq about 6% in 1951-52. Moreover, contrary to the position in many Arab countries all the educational institutions in the Soviet Moslem republics are - theoretically at least - national, and the local intelligentsia is educated at home in its native language and not in Moscow.

IV. Problems of National Education:

These results in Soviet education require certain qualifications in regard both to the system in itself and to the native population and their aspirations:

1) Premature school leaving exists in Central Asia and official statistics are falsified by failure to distinguish between Russians and natives. In June, 1928, large numbers of Kazakh children did not go to school and "truancy" increased. It also was rather considerable in higher education. Thus the proportion of natives in the Universities of Central Asia is not comparable with their proportion in each republic. In spite of their unquestionable gifts for scientific studies, the native students turn rather towards literary disciplines. Nevertheless, even here there has been considerable progress in recent years. In 1958, 80% of the students at the University of Samarkand were natives and similar progress has been made in Kazakhstan and in Kirghizia.

Premature school leaving of girls is a more serious problem, for it seems to be increasing. The Soviet

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press is full of complaints about young girls being married on leaving the 7-years' school. But my personal experience in June, 1958, has led me to think that some statistics were too pessimistic on this subject. Indeed, there seems to be real progress in regard to female education in the last five years. Nevertheless, in spite of this numerical progress, the level of proficiency reacted by native students is lower than that of the Russians. In 1956, out of 45 candidates for the Academie of Sciences of Uzbekistan, there were 18 Uzbeks and 27 Russians. The 8 Uzbeks citizens who in 1952 received the title of "Scholars and Distinguished Technicians" were all Russians.

We now come to another important problem of national education, that is Russification, about which the natives complain.

2) The Russification of national education:

Theoretically education is completely national, but in practice the youth of the various republics is Russified in the course of education through the medium of language and culture. The national languages have been given a Cyrillic alphabet and their vocabularies have been purged of Arabic-Persian terms and enriched with Russian technical terms, syntax and grammatical forms. It is thus a national language more and more deformed by Russian which is used as the language of education. As this language is extremely unstable, it is natural that a more stable language. i.e., Russian, should be preferable which has the advantage of being a "Lingua Franca" for all the peoples of the Soviet Union. In spite of the statements of the Soviet authorities, Russian tends to be more and more the real education language of all Republics.

At the University of Samarkand, it is interesting to note that 80% of the students are Uzbeks but the wall-notices and the lists of lectures publicly displayed are all in the Russian language. Thus, Russian is more and more becoming the language of university instruction. On the other hand, it does not seem that the Russians, even those living in Central Asia, have ever learned the national languages. All the Russian

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students I interrogated in Tashkent or Samarkand were completely ignorant of the Uzbek language. Russian teachers (in higher education 70% of the teachers are Russian) are also completely ignorant of the national language.

V. Characteristics of the New Generation:

What is in fact the generation which has been brought into being by these efforts? How can it be defined?

- 1) The present generation has unquestionably been Russianized, certainly in its language and often in its way of thinking. To be convinced on this point, it is only necessary to read, for example, a collection of Tadzhik poetry where imitation of the form as well as the themes of Russian poetry is constantly apparent.
- 2) It also describes and considers itself as having adopted Western civilization and techniques. One of the great objects of pride in children whom I saw in the schools of Alma-Ata was knowledge of a foreign language other than Russian (German particularly in Kazakhstan).
- 3) At the same time it clings to its national past, and in this respect it is opposed to the Russians. But this clinging to the past mainly is caused by the presence of the Russians. In a Sovkhoz in the Dzhambul oblast I met young Kazakh trainees, who had before been surrounded by the Russians, but who now spoke to me about Kazakh culture and the cultural achievement of the Kazakh elite. I must add to this the fact that these young people took every opportunity of speaking their own language and avoiding the Russians. At the same time in this Sovkhoz these young trainees, when confronted with old Kazakhs who were completely illiterate and only spoke their mother tongue, showed quite clearly by their attitude that they put themselves on the side of the Russian authorities. They suddenly began to talk only Russian and said to us foreigners, "You see, this is what we owe to the friendship of the Soviet peoples; we are now a modern people, whereas we used to be like these people here illiterate shepherds." This is an example of the

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startling cultural solidarity of what is really a
Soviet generation which we found every time when its
representatives were confronted with their own past.
We were to find the same reaction at Tashkent when we
met a young Alim (clerical scholar), a graduate of the
Mia Arab University of Bokhara. On that occasion our
Uzbek guide, a professor of the Central Asian University of Tashkent, said to us: "It is thanks to our
brothers, the Russian people, that we have emerged
from this backward state."

This pride at having reached a stage of technical and Western civilization can be found above all in the attitude of the new generation towards Asian countries. It is certainly interested in these countries but has an extraordinary consciousness of its superiority to them, and it feels sure that one day it will fall to its lot to assume the leadership of the countries of Africa and Asia. Many times I heard young Turkestanis say, "You can do nothing to these peoples, but we, who have caught up with the present in one generation, can help them."

Conclusion:

If one is to pass a final judgment on this experiment, it ought to be divided into two parts:

The Soviet authorities aimed, apart from education, at the integration of the Muslim peoples within the framework of all the Soviet peoples under Soviet direction. From this point of view their success is open to question because the Muslim peoples are far from having been integrated. The crises which periodically shake Central Asia and the Caucasus are evidence of this - for example, the affair of the national epics, the discussions about Muridixm, and the refusal of the Azerbaydzanis to speak Russian.

In the educational and cultural field, the success achieved is unquestionable. Certainly the work is not yet complete, but it must be remembered that it was only begun 40 years ago and was interrupted by the war. Besides, the task has been carried out under a system of education quite close to those with which we are familiar in the West, and used methods comparable to those which have been used else-

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where, for example, mobile schools. None of this is particularly original and could easily be adopted elsewhere. What is peculiar to be USSR and which perhaps explains the efficacy of the system is the following:

The authoritarian character of the operation.

Although the Union republics may be in control of education, the Party is nonetheless an overriding authority. "Education is the Party's business." Only the Party has a structure with sufficient ramifications to extend over the length and breadth of this vast territory. Only the Party can be aware of all the many problems of detail and insure the application of its decisions to the most remote regions. The factor of vastness and geographic dispersal which constitute such a grave problem for a large number of African and Asian countries have been partially removed by this element whose unifying qualities are undeniable.

Apart from this, the problem of teachers has also been eased by the authoritarian character of the regime. In order to render literate and educate the people, a large number of teachers is necessary. The countries of Asia and Africa do not have any more teachers than Central Asia had in 1917. But the authoritarian system has made it possible to draw on Russian resources and to send to Asia people who would have preferred to teach in Kiev or Leningrad. When I asked a Russian teacher why she had chosen to live in Turkmenistan, she answered quite naturally, "Because this is where I was posted; I could not go anywhere else." It is certain that it is this policy which has made possible the extension of education to the most remote regions. Finally, and this is perhaps most important of all, the USSR handled this problem with realism and without troubling to mould public opinion. By this, I mean that it has adjusted the task to be accomplished to the time and the personnel available. The Soviet program has disregarded those of adult age and even those who were adolescent at the time of the Revolution and has confined its attention to those who were born since. It is extremely common to see in Central Asia illiterate people, but they are always over 50. The regime has not thought it worthwhile wasting time on them. It is a realistic policy; but what country can afford to be so relentlessly realistic? I am alarmed when I see that some

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African countries are now allowing themselves 5 years to reach the stage reached by Soviet Islam, and that in that period they count on making everyone - adults included - literate. Have we not here a dangerous and useless piece of wishful thinking?

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Second International Conference on Soviet Problems Reports by Dr. Arnold Buchholz, Stuttgart

I. Soviet Philosophy as a Model for Asia.

This report was based on a lecture which the Soviet philosopher Yovchuk gave at the 12th International Congress of Philosophers in Venice. The Soviet author criticized the frequently mentioned difference between western and eastern thinking and attempted to stress their common aspects. He related various examples, according to which Indian, Chinese, and Arab philosophies contain elements which are very close to Soviet philosophy. The Soviet author's basic thought is that the philosophies in the West and in the East are not too different, and that there is only a shifting of certain phases. Asia's intellectual developments have been similar to the West, but were hindered by colonialism and feudalism during the last centuries. The Soviet author believed that today's common aspects in eastern and western thinking are found particularly in the natural science and technical field and in the social objectives for which Marxism-Leninism offers an international basis.

II. The Soviet Education System for Asia.

The effect of the Soviet education model on Asia should be noticeable in China. China experienced a manyfold increase in pupils and students between 1950 and 1957. In the scientific field, China wants to achieve the level of advanced countries in 12 years. The lecture emphasizes the thought that the objective of economic development in Asia is closely connected with the training of a broad potential in specialists. Since the expansion of the educational system requires long-term investments, it seems to be necessary to resort to financial resources on the expense of other economic activities.

Beside the abstract education model, especially important is the training of Asians in the Soviet Union and western countries. The number of students from underdeveloped countries studying in the Soviet Union is considerably smaller than the number of students studying in western countries.

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Second International Conference on Soviet Problems

Outline of Report on

SOVIET ECONOMIC AID FOR ASIA

by Harish C. Kapur, India

I. INTRODUCTION

In view of the fact that Soviet foreign economic policy has become, since the death of Stalin, an important instrument of Soviet foreign policy, a proper understanding and appreciation of the former is highly difficult, if not impossible, without an understanding of the latter.

Before 1951 the Soviet foreign policy had a tendency to place the Asian countries in the same category as the potentially hostile States in the West. The Asian countries were regarded as willing or unwilling tools of the Western capitalist countries and consequently Soviet diplomacy and propaganda was directed against the United States, Western Europe and the neutral countries of Asia. The war in Korea, however, marked a turning point in this respect. Soviet leaders discovered that the policy expounded by them only antagonised the neutral countries and actually served to add to the military strength of the United States. After having consolidated its position in Europe, the Kremilin changed the direction and character of Soviet policy. Asia became an important target of Soviet diplomacy, and economic aid replaced the previous crude military-diplomatic pressure. The Soviet Union started giving support to the national bourgeoisie of the Asian countries and also started striving towards the normalization of international relations with them.

II. SOVIET FOREIGN ECONOMIC RELATIONS

Soviet economic relations with Asian countries have been mainly confined to China and neutral countries like India, Afghanistan, Egypt, Syria and Indonesia. These economic relations take three forms:

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a) <u>Loans</u>

Up to 1954 Soviet economic assistance was largely directed to China, North Korea and Outer Mongolia; since then economic aid agreements have also been signed with Afghanistan, Burma, Ceylon, Egypt, India, Indonesia, Syria and Yemen. The contributions to Asian countries are at present made by the USSR in the form of direct participation in the establishment of industrial and other enterprises, technical assistance in the exploitation of natural resources and the provision of rouble credits for acquiring industrial development.

b) <u>Trade</u>

There has been a great increase in the trade between the Communist block and the Asian countries. The Soviet Union is buying surplus crops of Asian countries at prices often above those that exist in the world market, e.g., Egyptian cotton, and exporting to Asian countries industrial equipment which these countries need badly for their economic development.

c) Technical Assistance

80% of the Communist block technical assistance has been concentrated on Egypt, Syria, India and Afghanistan. More-over, the Soviet Union, under an extended program of technical assistance of the United Nations, has contributed \$1,000.000 every year since 1950. The Soviet Union invited many technicians, professionals and students for special courses of study.

III. POLITICAL ASPECTS OF SOVIET FOREIGN ECONOMIC POLICY

The entire Soviet economic aid to Asian countries has a political colouring - the buying of surplus crops from these countries, the export of industrial equipment; the low rate of interest charged for the loans, repayment of loans in local currencies.

IV. CONCLUSIONS

The Soviet foreign economic policy offers a great challenge to the Democratic world in Asia. In view of the fact that the Soviet Union is politically a totalitarian state and thereby controls the entire Soviet economy, it finds itself in a much

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better position of being able to change and develop its economic policy in the way Soviet leaders desire with—out being challenged by anyone. On the other hand, the diversified economic life in the Western countries makes it difficult for them to formulate a policy which can offer a challenge to the Soviet Union.

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